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No. 99/60

TO COUNTY ASSESSORS:

SEISMIC SAFETY NEW CONSTRUCTION EXCLUSION

Effective January 1, 2000, Chapter 504 of the Statutes of 1999 (AB 1291, Corbett) amends section 75.4 of the Revenue and Taxation Code (all statutory references are to the Revenue and Taxation Code unless otherwise indicated), and extends indefinitely the seismic safety new construction exclusion.

In November of 1990, the voters of California approved Proposition 127, a constitutional amendment adding paragraph (4) to subdivision (c) of section 2 of article XIII A. This amendment provided that the Legislature may exclude from the term "new construction" seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies made to existing buildings or structures. The Legislature exercised this grant of authority by enacting section 74.5, which is scheduled to sunset on July 1, 2000.

Specifically, Chapter 504 of the Statutes of 1999 (AB 1291, Corbett), amends subdivision (f) and deletes subdivisions (g) and (h) of section 74.5, eliminating the sunset date. Thus, this new construction exclusion is extended indefinitely. In addition, Chapter 504 amended the definition of "seismic retrofitting improvements."

To qualify for this exclusion, the improvements must be made to an existing building or structure and must meet the specified definition of "seismic retrofitting improvements" or "improvements utilizing earthquake hazard mitigation technologies."

"Seismic retrofitting improvements" is defined in section 74.5(b)(1). Chapter 504 amends this section to additionally provide that "seismic retrofitting" includes, but is not limited to, those items referenced in Appendix Chapters 5 and 6 of the Uniform Code for Building Conservation (UCBC) of the International Conference of Building Officials. UCBC Appendix Chapter 5 relates to the retrofit of concrete tilt-up buildings and provides requirements for wall anchors and diaphragm cross-ties. UCBC Appendix Chapter 6 relates to prescriptive retrofit of residential cripple walls and foundation anchorage and provides prescriptive guidelines for bracing of cripple walls that can be implemented by the homeowner and/or contractor without requiring numerically based structural design.

To exclude “seismic retrofitting improvements” from assessment, the improvements must fit into *one* of the following classifications:

- Retrofitting or reconstruction to abate falling hazards that pose serious danger;
- Structural strengthening; or
- Improvements reducing seismic force levels during an earthquake to significantly reduce the hazards to life and safety and also provide safe entry and exit during and immediately after an earthquake.

“Improvements utilizing earthquake hazard mitigation technologies” is defined in section 74.5(b)(2). To exclude “improvements utilizing earthquake hazard mitigation technologies” from assessment, *both* of the following must occur:

- The building be identified by a local government as being hazardous to life in the event of an earthquake; and
- The technology used must be approved by the State Architect pursuant to section 16102 of the Health and Safety Code.

The new construction exclusion provisions of section 74.5 do not apply to unreinforced masonry (URM) structures. Instead, any URM structure that must be improved to comply with local seismic safety ordinances is given a 15-year new construction exclusion as provided by section 70(d). These provisions were authorized by an earlier constitutional amendment related to earthquake safety, Proposition 23, which was adopted in 1984.

In order to receive the exclusion under section 74.5, property owners must notify the assessor that they intend to claim the exclusion from assessment prior to, or within 30 days of, the completion of the project. A property owner, primary contractor, civil engineer, or architect must certify to the building department the portions of the project that meet the exclusion specifications. The local building department must then report the value of any qualified new construction to the county assessor when the project is complete. The property owner must file all documents necessary to support the exclusion with the assessor on or before the following April 15. The claim form is in the process of being amended; the amended form will be available next year.

If you have questions or comments on the seismic safety exclusion, please feel free to contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

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